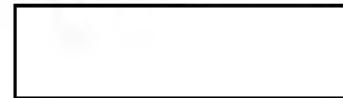


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DIRECTORATE OF
INTELLIGENCE

Central Intelligence Bulletin

Secret

State Dept. review completed

No 40

24 March 1971

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Approved For Release 2003/08/08 : CIA-RDP79T00975A018600040001-1

Approved For Release 2003/08/08 : CIA-RDP79T00975A018600040001-1

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Lieutenant General Lanusse

Army commander in chief Lanusse is the central figure in Argentina's political life. He played the key role in the removal of President Juan Carlos Onganía and in the selection of his successor, Brigadier General Roberto Levingston, in June 1970. Lanusse has said he favors a return to democratic government; he believes that the armed forces are duty bound to defend constitutional processes and to forestall any possibility of a totalitarian government. The 52-year-old Lanusse is an excellent troop commander and is highly respected for his professional ability.

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ARGENTINA: The country remains generally calm following the removal of President Levingston and the assumption of power by a three-man junta.

Argentines have reacted to the events of Monday night with their usual apathy toward military-imposed changes in government. Little immediate change in basic government policy is expected, and labor unions and political groups may temporarily restrain their opposition activities to see what direction the new government will take.

General Alejandro Lanusse, the strongman of the junta of commanders in chief, is known to favor an accelerated return to constitutional processes, but only under circumstances in which a candidate acceptable to the military would be assured of election. Thus, an early announcement that the new government will initiate steps to hold elections is likely, but the timetable will probably be so long that it will fail to attract significant support for the government.

[The chief architect of Levingston's economic policy, Minister of Economy Ferrer, reportedly has been confirmed in his post by the junta, indicating that no abrupt changes are planned. The public works minister has also been confirmed, and at least two other members of Levingston's government have been asked to remain until replacements are named, according to press reports.]

There has been speculation that the junta might name a prime minister or political minister to oversee the day-to-day government operations, but such an appointee would be firmly subordinated to the junta to avoid the problems the military experienced with both Levingston and his predecessor Juan Carlos Onganía.]

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PAKISTAN: Despite contradictory reports on the state of negotiations, some progress apparently has been made toward a settlement acceptable to all parties.

Differing public accounts have been given by the three principals: President Yahya Khan, East Pakistani leader Mujibur Rahman, and Z. A. Bhutto, West Pakistan's leading politician. This may only reflect, however, their differing assessments of what has been accomplished and what remains to be done in the series of meetings between Mujib and Yahya.

According to Bhutto, Mujib and Yahya have reached an agreement that he is now examining. Bhutto may be attempting to gain the initiative by implying that Mujib's role in the negotiations is over and that Yahya now will have to deal with him. If this ploy succeeds, Bhutto would also forestall any effort by other West Pakistani leaders, who are now in Dacca, to erode his position as spokesman for the West.

Bhutto may be referring to an "agreement" between Mujib and Yahya [redacted]

[redacted] The two reportedly worked out a formula under which martial law would end, civilian provincial governments would begin to function, and an interim central cabinet--representing both parts of the country--would be formed. Details, however, have not yet been settled.

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Mujib has denied that any such agreement exists, but he may believe that the unresolved details--which could include such things as the division of powers between the provinces and the center--are as important as what has already been accomplished. Moreover, he would be reluctant to admit he had agreed to anything short of his long-standing demands for provincial autonomy.

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Yahya's description of the situation may be more accurate than that of either politician. In his National Day message yesterday, he noted that "Pakistan is at the crossroads" but added that "the stage is now set" for the politicians to strive for "a smoothly working, harmonious system."

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ROMANIA - COMMUNIST CHINA: Peking's interest-free credit to Bucharest apparently will be used to purchase equipment and installations for whole plants.

The size of the loan still has not been announced but the most reliable reports assign a total value of about \$300 million, of which one third will be in hard currency. Arrangements covering the hard currency portion were signed earlier this month. A delegation headed by Deputy Premier and permanent party presidium member Gheorghe Radulescu later went to Peking, where three additional protocols were signed on 22 March. These cover the supply of unspecified plants, technical aid, and equipment deliveries. Work conditions for Chinese technicians also were set, the first indication that such workers would be sent to Romania.

This would be the first time in recent years that Chinese technicians have been stationed in Eastern Europe except for those in Albania. Although the Romanians are aware that this agreement will not sit well with Moscow, they obviously consider it as counterbalancing their collaboration within CEMA and the Warsaw Pact. The announcement may have been timed to help counter recent speculative Western press reports that Bucharest has forsaken its long-standing policy of limited independence from the Soviet Union.

Radulescu's recent sojourn in China is his second in four months; he signed the original loan agreement in November. When queried on this subject, First Deputy Foreign Minister Macovescu said that Radulescu was added to the technical delegation in response to a hint by the Chinese that they wanted to have "broader discussions" in the near future, but he did not specify what the Chinese had in mind. As his country's permanent CEMA representative and an influential member of the top party leadership, Radulescu is competent to discuss both political and economic questions.

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YUGOSLAVIA: Belgrade is continuing to find it difficult either to decide upon or to carry out basic economic policy guidelines.

Most recently, consideration of the federal budget by the Federal Economic Chamber was delayed because of serious substantive disagreement among economic officials from different republics. Moreover, although planned increases in expenditures are within the government's anti-inflationary guidelines, the budget has been drawn up with a built-in deficit. This appears to conflict with the current stabilization program.

Economic reform measures passed since last October were decided upon only after long and often acrimonious debate. These include a price freeze, wage guidelines, and devaluation of the dinar. Even after passage, implementation has not been forceful and exceptions have repeatedly been granted. The government has continued to permit price increases, despite the industrial price freeze. Earlier this month the republic of Croatia took advantage of a loophole in the wage measure and asserted its right to permit wage increases larger than the 11-percent maximum prescribed by the federal government.

The government's lack of decisiveness has been aggravated by the interrepublic political squabbling generated while discussing revision of the constitution. This situation is likely to continue throughout the summer, at least until constitutional questions are resolved.

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USSR - WEST GERMANY: Moscow's efforts to obtain an engine of modern design for the heavy trucks planned to be produced at the Kama River complex are delayed by an impasse in negotiations with the West German firm of Daimler-Benz.

Daimler-Benz, as the Ford Motor Company did last year, declined to assume a major role in building this plant, but the German firm continues to negotiate on supplying licenses for five types of truck motors, as well as technical assistance in setting up a facility to produce them. These discussions are now stalled because of basic differences over fees and potential Soviet competition in third country markets now served by Daimler-Benz.

The Soviets consequently will have to look elsewhere for an engine unless they are willing to compromise. They are continuing negotiations with a number of Western companies for tooling and equipping the complex. Unless key contracts are signed fairly soon, however, Moscow's original goal--150,000 trucks annually by the end of 1974--will not be met.

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CEYLON: The government believes it has uncovered plans for a nationwide insurrection.

Prime Minister Bandaranaike told Parliament yesterday that left-wing extremists had planned a violent overthrow of the government. She cited as evidence the attack on the US Embassy earlier this month and the discovery of large quantities of explosives, subversive literature, and maps showing key installations. On Sunday, the prime minister had ordered the death penalty for arson, looting, and bombing under the state of emergency that she had decreed last week.

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The PLF is one of the largest and is perhaps the best known of a number of Ceylonese revolutionary groups that comprise a so-called "Che Guevarist" movement on the island. The leaders of another Guevarist group, which attacked the US Embassy, are still at large, and have been advised by the Ceylon Communist Party/Peking to continue their attacks, but in smaller groups. Although the government's action against the PLF may deter the Che Guevarists somewhat, acts of terrorism by small groups remain a threat.

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C SIERRA LEONE: The status of Prime Minister Stevens' government remained uncertain early today pending the outcome of an open power struggle between its supporters and opponents within the country's factionalized 1,500-man army.

At midafternoon yesterday, army commander Bangura, who has long been at odds with Stevens over the latter's high-handed political tactics, announced in a radiobroadcast that he had taken control. Resistance by an armed security contingent guarding Stevens reportedly was overcome, and the prime minister was taken into custody after a fire-fight at his office. Late in the day, however, another senior officer gained control at least of the radio station and announced, in repeated broadcasts, that "a large percentage" of the army remained loyal to Stevens and dissociated itself from Bangura's action. As the day ended, shooting had stopped in Freetown but the whereabouts of both Stevens and Bangura were unknown.

Bangura's move appears to have been triggered by the arrival in Freetown last weekend of some 40 Guinean soldiers under an arrangement worked out by Stevens and his political ally, Guinean President Toure, at a meeting last week. More Guinean troops reportedly were to come later to protect Stevens from his own army as he pushed ahead with a controversial plan to change Sierra Leone's constitution illegally. Yesterday's events prompted Toure to put his own army on alert and to send two MIGs on a low flight over Freetown as a demonstration of support for Stevens. Logistic problems alone would seem to preclude any effective intervention by Guinean forces, however.

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COMMUNIST CHINA - USSR: Peking has moved to soften the militant impression created by the ideological polemic against Moscow issued on 17 March. According to TASS, Chou En-lai met with Soviet Ambassador Tolstikov and chief border talks negotiator Illichev for four hours on 21 March to discuss "questions of interest to both sides." Although details are not available, Chou may have attempted to separate the problem of continuing fundamental ideological differences between the two parties from that of improvement in state-to-state relations. The two sides may also have taken this opportunity to discuss a wide range of topics, including border problems and Indochina. On the same evening, at a reception for a visiting Nepalese delegation Chou cast a friendly remark in the direction of New Delhi, requesting the Indian chargé to convey his "personal congratulations" to Indira Gandhi on her recent electoral success.

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FRANCE: The trend toward general electoral stability in the first round of nationwide municipal elections prevailed on the final balloting last Sunday. Almost 85 percent of the larger cities returned the incumbents. Both of the major contenders--the Gaullist coalition, which won nine important cities and lost seven, and the Communist-dominated opposition, which picked up five--could find something to crow about in the election results. In the clear-cut confrontation between the left and the Gaullists in Paris, the Gaullist coalition turned its plurality into an absolute majority. However, nationwide, an alliance of the Communists, Socialists, and other left-of-center parties displayed effective unity and unseated six incumbents who are also ministers or secretaries of state in the cabinet.

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COSTA RICA: Mexico's expulsion of five Soviet diplomats following the discovery of a guerrilla plot has had broad repercussions in Costa Rica. Foreign Minister Facio has indicated that the government is re-examining the proposed exchange of diplomatic missions with the USSR. Developments in Mexico coincide with the launching of an anti-Soviet propaganda campaign by a right-wing businessmen's group in Costa Rica. The US Embassy notes that there have been various hints that the Figueres administration might be looking for a graceful way to retreat from its push toward close ties with the Communist world. The events in Mexico could provide Figueres with such an opportunity.

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